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Viewing cable 07QUITO1497, ECUADOR'S BIG ENVIRONMENTAL INITIATIVE: KEEPING

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07QUITO1497**.

Reference ID	Created	Released	Classification	Origin
07QUITO1497	2007-06-29 13:17	2011-08-30 01:44	CONFIDENTIAL	Embassy Quito

Appears in these articles:

<http://m.elcomercio.com/wikileaks/cable.php?c=f457c54>

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VZCZCXYZ0015
OO RUEHWEB

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TO RUEHC/SECSTATE WASHDC IMMEDIATE 7319
INFO RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 2512

C O N F I D E N T I A L QUITO 001497

SIPDIS

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E.O. 12958: DECL: 06/29/2017
TAGS: [EAGR](#) [EC](#) [EFIN](#) [EPET](#) [PREL](#) [SENV](#)
SUBJECT: ECUADOR'S BIG ENVIRONMENTAL INITIATIVE: KEEPING
THE OIL IN THE GROUND

REF: QUITO 1102

Classified By: DCM Jefferson Brown, reasons 1.4 (B) and (D).

[1](#)1. (U) Summary: President Rafael Correa is challenging the

world to help Ecuador avoid drilling for oil in one of its largest and most biodiverse areas of protected Amazon rainforest, the Ishpingo-Tambococha-Tiputini (ITT) field in Yasuni National Park. The GOE wants the international community to compensate it for half of the profits it estimates it would earn from ITT development, or \$1.75 billion. So far, however, it has not provided any sort of legal framework for its proposal. It says it would place the funds into a trust managed by an international body, and sign agreements that it will not drill for the projected 920 million barrels of heavy crude that lie underground. End Summary.

THE PROPOSAL

¶2. (U) The GOE officially presented &Keeping the Oil in the Ground at a June 5 World Environment Day celebration at the Presidency. The GOE proposed to refrain from developing the ITT field if the international community would compensate it for half of the estimated profits resulting from development, or \$1.75 billion (note: the press reported \$350 million/year for the 25 year duration of the project, but this does not take into account the GOE's estimate that production will not become profitable until the fifth year of operation). The showy event at the Presidency included children and indigenous groups (the ITT is home to uncontacted peoples such as the Hoarani), and a colorful photo exhibit of Ecuador's Amazon forests. Cabinet members and even the President of Petroecuador all signed a large white poster in support of the initiative.

¶3. (U) A power point presentation by then Energy Minister Alberto Acosta listed possible funding sources as "foreign debt cancellation and trade off: multilateral (IADB, World Bank), bilateral, Paris Club; government to government donations, voluntary contributions from civil society, international NGOs (including conservation and human rights organizations), and international market placement of unexploited crude oil certificates." The presentation illustrated Ecuador's wide biodiversity (more than 600 different species per hectare) and showed photos of the kind of environmental damage that roads, exploration and drilling would create. It also gave details about ITT oil: the field currently contains an estimated 920 million barrels * more than 20% of total Ecuadorian reserves. Interested investors include the Chinese, the Brazilians, and Venezuelans.

¶4. (U) The GOE says it will place donated funds into a trust managed by an international body, and sign agreements that it will not develop the ITT. Any interest generated will supposedly be used to fund social development networks. The government plans to give the initiative one year to succeed * but if funds are not raised by that time, it says it will move forward with development.

SAVE THE ITT, SLOW GLOBAL CLIMATE CHANGE

¶5. (U) At a separate event on June 14, "Climate Change, Kyoto y Alternatives to Development," Ivonne Ramos of NGO Accion Ecologica said forgoing development of ITT would help Ecuador meet its Kyoto Protocol obligations. She said that Ecuador's clean development initiatives were not numerous, but included 230 successful hydroelectric projects and efforts to address emissions (the Quito municipality participates in the UNEP-administered and EPA-sponsored Clean Fuels Partnership through its organization CORPAIRE). She concluded that avoiding development would be a huge stride, and called the project "the only initiative by a country of the south" to propose a "concrete" remedy to global warming. Economist Carlos Larrea from the Universidad Andina Simon Bolivar added that if development of ITT (and the thermal refinery necessary to distill its heavy crude) proceeds, the net financial cost to the rest of the world in terms of climate change would be greater than Ecuador's profit. Acosta's presentation asserted the same, estimating that exploitation of the ITT would release 108 million tons of

carbon into the atmosphere.

COMMENT

16. (C) The \$1.75 billion question with regard to Correa's ITT proposal is: what guarantee will the GOE provide that it will not develop the field? The idea is innovative (perhaps inspired by carbon credits), but to the best of our knowledge, the GOE has not yet developed any legal framework to assure the international community that it will forgo development. We question whether the GOE has the legal expertise, organizational ability, or long-term political will to see the project through. The chief proponent of the proposal, former Energy Minister Acosta, resigned on June 14 to run for the Constituent Assembly. Meanwhile, Petroecuador's President, Carlos Pareja has been actively pushing for development of the ITT fields (reftel). In an ironic twist, the same day the GOE unveiled its Keep the Oil in the Ground proposal, Petroecuador applied for visas for a delegation to travel to Washington to meet with possible U.S.-based developers of the ITT field. Even so, the GOE proposal may attract some attention * the German DCM commented to EconCouns a couple of months ago that he was skeptical that the GOE would follow through with its commitment, but he more recently said that the German government may actually consider the proposal; Norway has also reportedly shown some interest. End comment.

JEWELL